

AMENDED IN ASSEMBLY APRIL 18, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2576**

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**Introduced by Assembly Member De La Torre**

February 23, 2006

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An act to amend Section 739.1 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 2576, as amended, De La Torre. Public utilities: California Alternative Rates for Energy program.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law requires the commission to establish a program of assistance to low-income electric and gas customers, referred to as the California Alternate Rates for Energy (CARE) program. Existing decisions of the commission establish eligibility for the CARE program at 175% of the federal poverty guidelines.

This bill would require that the commission establish eligibility for the CARE program at 250% of the federal poverty guidelines.

(2) *The commission has authorized the state's 3 largest investor-owned electrical corporations to adopt and administer Family Electric Rate Assistance (FERA) programs to provide rate reductions for certain households.*

*This bill would require the commission to ensure that an electrical corporation or gas corporation with a commission-approved program*

*to provide discounts based upon economic need in addition to the CARE program, including FERA programs, utilize a single application form, to enable an applicant to alternatively apply for any assistance program for which the applicant may be eligible.*

*(3) This bill would require the commission, to the extent feasible, to ensure that discounts provided to participants under a commission-approved program to provide discounts based upon economic need, including the CARE program and a FERA program, are graduated based upon the program participant's energy usage, with those persons who use less energy receiving the greater discount, consistent with the policy of encouraging energy conservation and adjusted for certain factors.*

*(4) Under existing law, a violation of the Public Utilities Act or an order or direction of the commission is a crime.*

Because a violation of an order or decision of the commission implementing the requirements of the bill would be a crime, the bill would impose a state-mandated local program by creating a new crime.

~~(2)~~

(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 739.1 of the Public Utilities Code is  
2 amended to read:  
3 739.1. (a) The commission shall establish a program of  
4 assistance to low-income electric and gas customers, the cost of  
5 which shall not be borne solely by any single class of customer.  
6 The program shall be referred to as the California Alternate Rates  
7 for Energy or CARE program. Eligibility for the CARE program  
8 shall be established by the commission at 250 percent of the  
9 federal poverty guidelines. The commission shall ensure that the

1 level of discount for low-income electric and gas customers  
2 correctly reflects the level of need.

3 (b) The commission shall work with the public utility  
4 electrical and gas corporations to establish penetration goals. The  
5 commission shall authorize recovery of all administrative costs  
6 associated with the implementation of the CARE program that  
7 the commission determines to be reasonable, through a balancing  
8 account mechanism. Administrative costs shall include, but are  
9 not limited to, outreach, marketing, regulatory compliance,  
10 certification and verification, billing, measurement and  
11 evaluation, and capital improvements and upgrades to  
12 communications and processing equipment.

13 (c) The commission shall examine methods to improve CARE  
14 enrollment and participation. This examination shall include, but  
15 need not be limited to, comparing information from CARE and  
16 the Universal Lifeline Telephone Service (ULTS) to determine  
17 the most effective means of utilizing that information to increase  
18 CARE enrollment, automatic enrollment of ULTS customers  
19 who are eligible for the CARE program, customer privacy issues,  
20 and alternative mechanisms for outreach to potential enrollees.  
21 The commission shall ensure that a customer consents prior to  
22 enrollment. The commission shall consult with interested parties,  
23 including ULTS providers, to develop the best methods of  
24 informing ULTS customers about other available low-income  
25 programs, as well as the best mechanism for telephone providers  
26 to recover reasonable costs incurred pursuant to this section.

27 (d) (1) The commission shall improve the CARE application  
28 process by cooperating with other entities and representatives of  
29 California government, including the California Health and  
30 Human Services Agency and the Secretary of California Health  
31 and Human Services, to ensure that all gas and electric customers  
32 eligible for public assistance programs in California that reside  
33 within the service territory of an electrical corporation or gas  
34 corporation, are enrolled in the CARE program. To the extent  
35 practicable, the commission shall develop a CARE application  
36 process using the existing ULTS application process as a model.  
37 The commission shall work with public utility electrical and gas  
38 corporations and the Low-Income Oversight Board established in  
39 Section 382.1 to meet the low-income objectives in this section.

(2) *The commission shall ensure that an electrical corporation or gas corporation with a commission-approved program to provide discounts based upon economic need in addition to the CARE program, including a Family Electric Rate Assistance program, utilize a single application form, to enable an applicant to alternatively apply for any assistance program for which the applicant may be eligible. It is the intent of the Legislature to allow applicants under one program, that may not be eligible under that program, but that may be eligible under an alternative assistance program based upon economic need, to complete a single application for any commission-approved assistance program offered by the public utility.*

(e) The commission's program of assistance to low-income electric and gas customers shall, as soon as practicable, include nonprofit group living facilities specified by the commission, if the commission finds that the residents in these facilities substantially meet the commission's low-income eligibility requirements and there is a feasible process for certifying that the assistance shall be used for the direct benefit, such as improved quality of care or improved food service, of the low-income residents in the facilities. The commission shall authorize utilities to offer discounts to eligible facilities licensed or permitted by appropriate state or local agencies, and to facilities, including women's shelters, hospices, and homeless shelters, that may not have a license or permit but provide other proof satisfactory to the utility that they are eligible to participate in the program.

(f) *To the extent feasible, the commission shall ensure that discounts provided to participants under a commission-approved program to provide discounts based upon economic need, including the CARE program and a Family Electric Rate Assistance program, are graduated based upon the program participant's energy usage, with those persons who use less energy receiving the greater discount, consistent with the strong public policy of this state to encourage energy conservation, and are adjusted for climatic conditions and for the differentials in energy needs established pursuant to Section 739.*

(f)

(g) It is the intent of the Legislature that the commission ensure CARE program participants are afforded the lowest possible electric and gas rates and, to the extent possible, are

1 exempt from additional surcharges attributable to the energy  
2 crisis of 2000–01.

3 SEC. 2. No reimbursement is required by this act pursuant to  
4 Section 6 of Article XIII B of the California Constitution because  
5 the only costs that may be incurred by a local agency or school  
6 district will be incurred because this act creates a new crime or  
7 infraction, eliminates a crime or infraction, or changes the  
8 penalty for a crime or infraction, within the meaning of Section  
9 17556 of the Government Code, or changes the definition of a  
10 crime within the meaning of Section 6 of Article XIII B of the  
11 California Constitution.

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